

Background:

The Ministry of Health has increased funding to the disability support services sector each year for the last 5 years. This year (2018/19), the disability sector was allocated \$1.268 billion, but the predicted costs will exceed this budget by about \$100 million.

Previously, the Ministry has shifted funding from elsewhere in the health budget to meet the shortfall. This is not an ongoing solution. The Ministry must equitably and sustainably allocate funds across the entire health and disability sector, in accordance with Government priorities and in response to identified needs.

The Ministry is reviewing its options and is identifying a set of actions that will help it realign its disability support services spending to fit within the allocated budget. This will ensure the Ministry is able to deliver the Government's overall priorities for health and disability in line with the funding allocated.

The Ministry must now announce changes it will make to disability support services. This is a difficult message to deliver, especially when the disability sector is publicly calling for even greater investment.

This is an operational matter for the Ministry of Health and therefore appropriate for the Director-General of Health to proactively announce these changes.

The Ministry is proceeding with two priority projects to deliver targeted savings of up to \$20m in the current financial year for long term disabilities support allocated by the Needs Assessment and Service Co-ordination (NASC) agencies and provided by the Equipment and Modification Service (EMS).

Key messages:

The Ministry is committed to providing support for disabled people and their whānau in a fair and equitable way.

Our funding of the disability support services has increased significantly each year and is the largest on record this year at \$1.268 billion, which is \$25 million more than 2017/18. However, costs have increased rapidly in recent years, which means we've overspent each of the past four years.

This increase in costs is due to a range of reasons, such as more people seeking support, more people in our communities with complex needs, availability of more expensive equipment and new technology, increasing expectations of what can be delivered from the system and legislation changes that have increased costs for support staff, including pay equity plus health and safety requirements.

We've worked hard to find efficiencies to manage this increasing demand on funding in previous years, but we've now reached a point where these efficiencies don't meet the growing financial pressure. In the past, we've also shifted funding from elsewhere in the health budget to meet any shortfall.

This year, we predict our budget overrun in disability support services will be far greater than previously and is likely to reach about \$100 million if nothing changes.

It's clear we need to work differently to get the right balance between funding for disability support services and other essential health care and support services.

As a result, the Ministry has needed to consider ways to reduce spending on disability support services in the short and longer term.

These actions will ensure the Ministry is able to deliver the Government's overall priorities for health and disability in line with the funding allocated.

Initially we've focused on two of the largest parts of disability support services to start making immediate changes to reduce the cost overrun. They are the services allocated by Needs Assessment Service Co-ordination (NASC) organisations and Equipment and Modification Services (EMS).

The Ministry acknowledges this may mean changes in some disability supports in the short term, but we will work hard to minimise potential impacts on people using disability support services, their families and carers, as well as service providers.

While we look at the big picture, we have also put some initiatives due to be implemented this year on hold. This is the case with 'I Choose', a new approach to disability respite support that would replace the Carer Support Subsidy.

We believe the current demand-driven funding model for disability support services is now unsustainable and it will need to change long term. Currently, we're trialling a new disability support system approach in the MidCentral region, which we hope will help us to develop a better operating model for disability support services that is equitable, sustainable and provides better outcomes for disabled people and their whanau in the future.

Also, the Health and Disability System Review may make recommendations that will help to improve long term sustainability of disability support services for the future. Its interim report is due with the Minister in August this year and the final report is due in March next year.

NASC budget management approach:

There are two desired immediate outcomes the Ministry is seeking with respect to long term disabilities support allocated by the Needs Assessment and Service Co-ordination (NASC) agencies.

- 1) Reduce forecast spend by up to \$10m within the current year while ensuring support services continue to be available to all disabled people that need them
- 2) Reduce forecast spend by \$20m per annum to support affordability in the medium term

What the MOH has requested all NASC to do in the short term (now) is:

1. Reduce community based allocations by 10% per annum on average at early review
2. Continue to support new entrants in a way similar to existing support users based on existing eligibility criteria
3. Continue to identify and implement short term interventions that have evidenced medium and long term support reduction
4. Increasingly manage entries to Residential Care by implementing a waiting list
5. An immediate halt on any support package increases until July 2019

Noting

A. Community based support is a focus in the short term allowing:

- Prioritising support to those with the highest needs
- Is the most flexibly allocated and delivered set of services
- Has the shortest timeframe to implement change

- Has the lowest chance of immediate risk to the person
 - Continues to allow the person to have influence over how support may be delivered
 - Ensures one service alone is not targeted
 - Is a lower cost – higher volume service based on the current procurement method
- B. Residential based support clients are unlikely to face immediate reduction however:
- initiatives are designed to keep people in their own home
 - reduce support as people become settled into their environment
 - prioritise how support is delivered to people to bring expenditure within available funding
 - Is a higher cost – lower volume services based on current procurement method
- C. The immediate halt on any support package acknowledges:
- Changes to peoples ongoing support is not sufficient in the short term to ensure the reduction in forecast spend required for the financial year
 - All increases (new and existing clients) in support are being held across the population
 - The need to achieve the best outcome for people within the existing resources
 - Acknowledging the impact for people experiencing a significant change need
 - A need to prioritise support to those with the highest immediate need through an exceptional circumstances process
- D. NASC are best placed to implement the required change in line with DSS principles:
- As such DSS expects NASC to tailor the reductions needed across their local population.
 - This means that nationally expected approaches may hold some variation due to addressing existing regional inequities or balancing regional gaps.
 - Regionally specific initiatives have been submitted by each NASC and DSS will advise where there is agreement.
 - Should the standard approach not be implemented for an individual, it will be treated as an exception and require NASC Managers approval.
- E. The following national approaches are expected:
1. When reducing community based allocations by 10% per annum on average at early review and continuing to support new entrants in a way similar to existing support users based on existing eligibility criteria
 - A comprehensive review will occur for any individual support packages deemed extraordinary based on current NASC practice
 - Prioritisation of support will be given within the home ensuring a person is safe in all cases.
 - If support outside of the home is essential then prioritising the coordination of group or shared support is to occur.
 - Where Household management Or IFHM is allocated a maximum of 3 hours is considered unless there is a case for exceptional circumstances agreed by the NASC manager.
 - Personal care or IFPC is only to be allocated if it is essential for the health or safety of the person. If there is support in place to access the community a case for exceptional circumstances should be agreed by the NASC manager.
 - Remove home based support after the introduction of Equipment or housing modifications.
 - Remove all SL allocations where a person is no longer developing or maintaining skills. In some cases PC or HM may be required instead.

- SL coordination support is only allocated on set up or review and only when additional information or support coordination is needed as part of the set up or review.
 - Where a support package contains a number of different services gain the persons input to best prioritise the services allocated to achieve the required reduction.
2. When managing entries to Residential Care by implementing a waiting list
- Residential Waiting list prioritisation will be implemented
 - All people with an ICare (or equivalent measure) recorded of less than 20 hours should be considered for SL at a lower total support cost
 - Prioritising support goals within the home, for the person's safety must occur. Should support outside of the home be essential then prioritising the coordination of group or shared support is to be considered.
3. When approached by people requiring additional support:
- Determine the level of urgency at referral point
 - Consider the prioritisation guide
 - If a person's situation matches a priority on the guide advise the Ministry and complete the Assessment process
 - As part of the Service Coordination process apply to the Ministry for a package increase as an exception
 - Otherwise refer the person back to their existing service provider to prioritise the existing support in a way that will continue to best met their changing needs
4. NASC will implement an internal signoff process for any community based package reviews where the reduction is less than 10%.
5. Should requests be made for increased support due to increased needs existing support will first be prioritised to ensure alignment with national expectations noted above.
6. NASC will more vigorously explore other mainstream funded support options particularly where a person's support is changing as they age, health or mental health needs.
7. NASC will prioritise an immediate review should crisis occur as a result of implemented support reductions.
8. If based on a significant change in need NASC identify a package increase may be essential a case can be made to the Ministry to consider an exception.
9. Changes in support allocation reporting will be undertaken by the MOH regularly.
10. Adjustments to the approaches noted above will be made based on the most current data.
- F. Within the current resources the change process implemented through the NASC will include:
- A clear process for engaging people at early review.
 - A clear indication of the services available or the funding available to support the individual at review or early review.
 - A clear set of options for the person to consider when prioritising which services may be available for the funding.
 - A clear explanation why the changes are required. *Higher level and personal level.*
 - A clear process for review should supports be insufficient or the person's safety is becoming compromised.

Appendix 1. Key considerations

The principles underpinning the approach being taken are:

- Equity – in a fair, consistent way across the population based on support needs
- Dignity and respect – with clear communication, acknowledging the impact any change may have for people
- Allowing choice, control and flexibility over the support in a person's life – offer the most flexible support option with the funding available
- Person-directed – involving the person in the decision about which services best met their needs within the funding available.
- Collaboration and relationships improve outcomes for disabled people – focusing on the best outcomes for the funding available
- Prioritising support to those with the highest needs – considering all needs to the person and prioritising those that mitigate the highest risk to a person's quality of life
- Supported by evidence, information collection, analysis and ongoing review
- Sustainable and affordable funding now and in the future

The key challenges include:

- Growth in the number of disabled people accessing support
- The increasing cost of supporting people in residential care
- Removing support people have built a reliance on
- Expectations of people that benefit from disability supports. People are seeking improved access to their home and community now, when funding is not sufficient or growing at a rate for the cost of support they currently receive into the future.
- Resources to implement package changes – NASC staff, time, process, complaints/reviews

Impacts for people may manifest in different ways:

- Existing residential clients (7,000) – likely slow impact
- Existing community based clients (29,000) – Likely support reduction, prioritising more essential needs, this group is likely to have the highest perceived impact as reliance may have been built on existing support, seen as a cut.
- New clients (500 in current year based on current growth) – potentially lower expectation, improved ability to plan, better opportunity to set expectations based on available information. Although equal needs to those within the system and should not be disadvantaged due to timing of entry.

Further notes for NASC

Overall goal for NASC is to reduce all community based support packages by 10% on average. Taking into account an average utilisation of 80%. It also assumes there is not a significant change in the utilisation factor.

When considering 10% as a factor it is close to 1 in every 10. So 1 hour in every 10 of Home Support services, IF, discrete 1:1, Family Whanau HS and SL hours allocated. 1 day in every 10 Carer Support days and respite days allocated. 1 unit of EIF, EGLPB, CICL and IF respite for every 10 allocated. A similar approach can be taken when completing an ICare and pricing residential care and may also be something NASC consider to inform and support discussions around prioritisation of support in residential care due to funding availability.

For people with an allocation of less than 10 units then the reduction may need to be to the closest unit or half unit depending on how the service is allocated/paid. Eg a person with 8 hours PC per

week and 12 days carer support per annum may result in 7 hours PC and leave CS untouched. As 1 hour reduction in PC is sufficient to remove 10% from the potential annual cost on average. Alternatively you could drop the weekly allocation by 0.5 of an hour and drop CS by 7 days which would give an estimated equivalent savings assuming a reduction in support allocated does not increase the utilisation rate significantly.

A simple funding calculator can be used to support a discussion with the person.

Disability financial sustainability case study

The ministry has looked at some alternative approaches to achieve savings targets

Place holder for table from Darren

1.1 Reduce “Weekly” Household Management

Should any weekly HM package over 3 hours be reduced by 10 percent there will be 1623 clients affected and create a saving of \$200,000.00 this financial year. This strategy as a medium to long term saving strategy will have a \$1.3m saving in the financial year 19/20.

This strategy meets all of the guiding principals in the disability services strategic plan as it continues to treat disabled people equally with choice and control in a person centred environment. A 10 percent reduction in support hours of this kind will affect 1623 people minimally.

1.2 Reduce ‘allocated’ household Management

Should any IF HM package over 250 units be reduced by 10 percent there will be 627 clients affected and create a saving of \$100,000.00 this financial year. This strategy as a medium to long term saving will have a \$600,000.00 saving in the financial year 19/20. This strategy is consistent with the guiding principals of the disability services strategic plan as it continues to allow choice and flexibility for clients whilst allowing for affordability in the current system.

2.1 Reduce allocation for Carer support

Should all packages of carer support over 26 days be reduced by 10 percent there will be 10,946 clients affected and create a saving of \$400,000.00 this financial year. This strategy as a medium to long term saving will have a \$2.4m saving in the financial year 19/20. This strategy is consistent with the guiding principals of the disability services strategic plan as it continues to allow choice and flexibility for clients whilst allowing for affordability in the current system. All clients who have carer support less than fortnightly will not be affected by this strategy and it will create more equity across allocations.

3.1 Reduced weekly SIL

Should any SIL package over 7 hours per week be reduced by 10 percent there will be 1555 clients affected and create a saving of \$600,000.00 this financial year. This strategy as a medium to long term saving will have a \$3.8m saving in the financial year 19/20. This strategy is consistent with the guiding principals of the disability services strategic plan as it continues to allow choice and flexibility for clients whilst allowing for affordability in the current system. Any client who receives less than 1 hour of SIL per day will not be effected by this strategy and this will create more equity across client allocations

5.1 Freeze on New Residential Clients

Should a freeze on any new residential clients be implemented this is projected to effect 18 clients and create a saving of \$300,000.00 this financial year. This strategy as a medium to long term saving will have a \$1.6m saving in the financial year 19/20. This strategy is based on the assumption that residential clients are 'new' to the system which isn't entirely accurate.

This strategy does not meet all of the guiding principals of the disability services strategic plan as it does not allow choice and flexibility or equity for these 18 clients however it will allow the current disability system to return to a more sustainable disability system which will impact on client equity on a greater scale. This strategy would not be recommended as a medium to long term plan.

Risk – 18 Clients who require residential supports will be not supported in the disability system.

5.2 Freeze on New Community Clients

Should a freeze on any new community clients be implemented this is projected to effect 534 clients and create a saving of \$1.1m this financial year. This strategy as a medium to long term saving will have a \$6.6m saving in the financial year 19/20. This strategy is based on the assumption that new clients are not receiving any DSS supports however may be transitioning from other health funded support such as primary care, long term chronic health supports, mental health.

This strategy does not meet all of the guiding principals of the disability services strategic plan as it does not allow choice and flexibility or equity for these 534 clients however it will allow the current disability system to return to a more sustainable disability system which will impact on client equity on a greater scale. This strategy would not be recommended as a medium to long term plan.

Risk – 534 Clients who require DSS supports will be not supported in the disability system which may have greater impact on their families and whanau and the wider health system.

6.1 Freeze on Allocation package increases for existing Residential Clients

Should a freeze on any package increases for Residential clients be implemented this is projected to effect 7097 clients and create a saving of \$2.1m this financial year. This strategy as a medium to long term saving will have a \$9.9m saving in the financial year 19/20. This strategy is based on the assumption that the clients would remain in their current residential placement however clients who have a change in support need without an increase in support in some cases residential providers may exit clients leaving them unsupported.

This strategy does not meet all of the guiding principals of the disability services strategic plan as it may not be person centred support for these 7097 clients however it will allow the current disability system to return to a more sustainable disability system which will

impact on client equity on a greater scale. This strategy would not be recommended as a medium to long term plan.

Risk – 7097 Clients who may have an increase in support needs could potentially be exited by providers leaving them without DSS supports.

6.1 Freeze on Allocation package increases for existing community Clients

Should a freeze on any package increases for community clients be implemented this is projected to effect 29,018 clients and create a saving of \$3m this financial year. This strategy as a medium to long term saving will have a \$14.4m saving in the financial year 19/20. This strategy is based on the assumption that the clients would maintain their existing support package however clients who have a change in support need without an increase in support may be left with some needs not being met

This strategy does not meet all of the guiding principals of the disability services strategic plan as it may not be person centred support for these 29,018 clients however it will allow the current disability system to return to a more sustainable disability system which will impact on client equity on a greater scale. This strategy would not be recommended as a medium to long term plan.

Risk –29,018 Clients who may have an increase in support needs may not have allocations to support their DSS needs

Appendix 2 Residential waiting list prioritisationGuidelines for Wait listing

It may be necessary for NASCs to waitlist some funding package changes if they are unaffordable at the time of assessment. There will need to be judgment exercised by the NASC Manager supported by the CRM, in waitlisting new funding. However, there are some 'categories' of clients which the Ministry can provide some guidance on in the interests of consistency. These are outlined in the table below.

| Guideline | Waitlist? |
|---|------------------|
| The most important consideration is client safety. NASC Manager and CRM must assure themselves that a client's safety will not be compromised by a decision to waitlist the implementation of a higher residential rate. | No |
| Clients in aged residential care facilities, requiring a move from resthome setting to continuing care setting. | No |
| Residential clients transferring from other regions will be given priority in finding a new residential placement. | No |
| Clients being discharged from AT&R, Mental Health inpatient services etc who need residential care. | No |
| New clients wishing to enter residential care for the first time will be automatically waitlisted. | Yes |
| Where a provider has already received significant funding increases in the past year either through reassessments or contract rate changes, then increased rates for clients with these providers could be a lower priority than for other providers, all other things being equal. | Yes |

Appendix 3 Savings targets by NASC

| NASC region | To June 2019 | Annualised savings target - ongoing supports |
|--------------------------------|--------------|--|
| Access Ability Taranaki | 290,041 | 580,082 |
| Access Ability Otago/Southland | 752,441 | 1,504,883 |
| Access Ability Wanganui | 146,263 | 292,525 |
| Options Hawkes Bay | 481,191 | 962,382 |
| Capital support | 473,980 | 947,960 |
| Support Works | 426,650 | 853,301 |
| DSL | 925,026 | 1,850,052 |
| Focus | 104,588 | 209,176 |
| Lifelinks | 1,427,366 | 2,854,732 |
| Life Unlimited Hutt | 383,557 | 767,114 |
| Life Unlimited Tairāwhiti | 88,474 | 176,948 |
| Taikura | 2,715,349 | 5,430,698 |
| Northable | 434,571 | 869,141 |
| Supportnet | 714,089 | 1,428,177 |
| Mana Whaikaha | 636,414 | 1,272,828 |
| | 10,000,000 | 20,000,000 |